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EC NO.



70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A084/992

28 March 1984

Dear Andrew,

TSRB Pensions

Thank you for your letter of 16 March, commenting on my letter of 9 March and the draft enclosed with it.

You will have seen from the correspondence that the general feeling is that the draft answer should be briefer than that which was attached to my letter of 9 March, and that it should omit references to the DDRB. I am in general content to accept the briefer draft proposed by the Minister of State, Treasury (C). But the last sentence of that draft does not represent the sense of the Prime Minister's meeting. As drafted, the sentence states that in future the pensions of retiring public servants will be calculated on the basis of actual salaries received at or in the period preceding retirement, and not on any notional or deemed rate of salary. At the Prime Minister's meeting it was emphasised that, while that should be the principle, the form of the announcement should not completely exclude the possibility of the Government wishing to make further exceptions to the principle in future; and the Prime Minister indicated that she would think it right specifically to deal with the effects on pensions in any announcements she might in future make about Government decisions on Review Body recommendations.

I accordingly propose, and attach herewith, a revised draft, the last two sentences of which are intended to reflect what was agreed at the Prime Minister's meeting on these points.

If the Prime Minister and the other Ministers to whose Private Secretaries I am sending copies of this letter are content, the next step will be for the draft to be circulated to all members of the Cabinet, as agreed at the Prime Minister's meeting. As soon as the draft is cleared, I will arrange accordingly.

/I am

Andrew Turnbull Esq

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I am sending copies of this letter to the Private Secretaries to the Lord Chancellor, the Chancellor of the Exchequer, the Secretary of State for Defence, the Lord Privy Seal, the Secretary of State for Social Services, the Minister of State, Privy Council Office, the Minister of State, Treasury (C), and the Chief Whip.

Yours ever

Robert

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To ask the Prime Minister what measures the Government proposes to take in respect of pensions of certain former civil servants as a result of the Government's decision following the Top Salaries Review Body recommendations for 1983-84.

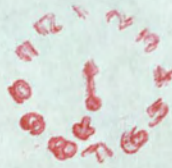
DRAFT ANSWER

In 1983 the Top Salaries Review Body (TSRB) recommended new rates of salary for the judiciary, senior officers of the Armed Forces, and members of the higher Civil Service, to come into effect on 1 April 1983. On 21 July 1983 I announced that the Government had decided to increase the pay of those concerned in two stages, from 1 August 1983 and from 1 January 1984. The pensions of those concerned are based upon salary on or in the period immediately before the date of retirement, and therefore those who retired between 1 April and 31 July receive no benefit to their pensions. It has been represented to the Government that, having regard to past experience and the date on which decisions on pay were announced, those concerned might reasonably have expected their pensions to reflect an increase from 1 April 1983.

After careful consideration the Government has decided that, in view of the uncertainty and expectations that may have been created, it would be fair for the pensions of those in question to be calculated as if the increases which came into effect on 1 August 1983 had been implemented from 1 April 1983. This is to be regarded, however, as an exception to the principle that pension benefits of public servants are based on salaries in payment. It is the Government's intention that, if in future it is necessary to delay or stage the implementation of Review Body salary recommendations, this principle will be applied, and the pensions of retiring public servants in the group concerned will be calculated on the basis of salaries ^{payable} (in payment) at or in the period before the date of retirement and not on notional or deemed rates of salary which were not ^{payable} ~~in payment~~ on that date. I propose in future, when announcing the Government's decisions on the salary recommendations of Review Bodies, to make clear in any cases of doubt how the pensions of those concerned will be affected.

ECON P01: TSRB P46

30 MAR 1984



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file
bc Nick Owen

BH



10 DOWNING STREET

From the Private Secretary

2 April 1984

TSRB PENSIONS

The Prime Minister has seen your letter to me of 28 March. She agrees with your interpretation of the meeting of Ministers and hence with your redrafting of the second paragraph. While Government wishes to establish the presumption that pensions will not be payable on notional salaries it does not want to bind itself absolutely. She has suggested that the references to "salaries in payment" should be amended to "salaries payable". Subject to this amendment, she is content for the draft to be circulated to Cabinet colleagues.

I am copying this letter to the Private Secretaries to the Lord Chancellor, the Chancellor of the Exchequer, the Secretary of State for Defence, the Lord Privy Seal, the Secretary of State for Social Services, the Minister of State, Privy Council Office, the Minister of State, HM Treasury, and the Chief Whip.

(Andrew Turnbull)

Sir Robert Armstrong, G.C.B., C.V.O.

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10 DOWNING STREET

Prime Minutes

In my view, Sir Robert's
draft more accurately reflects
the sense of the meeting, at
which it was thought undesirable
to tie the Government's hands
absolutely.

Agree this text
be circulated to colleagues?

AT

30/3

Not 'Cred' - the

word was to be

"payable" - not "in

payment."

mf.

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CC 100



BF with further
responses
AT 414

Treasury Chambers, Parliament Street, SW1P 3AG

Andrew Turnbull Esq
Private Secretary
10 Downing Street
LONDON SW1

3 April 1984

Sir Andrew

TSRB PENSIONS

Sir Robert Armstrong sent me a copy of his letter of 28 March, with a suggested redraft of the proposed PQ.

The Minister of State is generally agreeable to the additions which he suggests. However he thinks it would be wise to omit the phrase "if in future it is necessary to delay or stage the implementation of Review Body salary recommendations" since as drafted the phrase may be read to imply that the Government will only delay or stage implementation if it does not accept the recommendations at once. As you will appreciate, there may be circumstances in which the Government might decide to do something quite different.

I am copying this letter to the Private Secretaries to the Lord Chancellor, the Chancellor of the Exchequer, the Secretary of State for Defence, the Lord Privy Seal, the Secretary of State for Social Services, the Minister of State, Privy Council Office, the Chief Whip and to Sir Robert Armstrong.

*Yours
Michael Moran*

M E CORCORAN
Private Secretary

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AT



10 DOWNING STREET

Mr Heyhoe's P/S phoned about TSB PQ. He had no real comments but mentioned that that had 2 unimportant which they hope could be "kept on the table" :-

- ① although not pushing they would like the small suggestion in Corcoran's letter to you of 3/4 taken into account
- ② they would, if possible, like the PQ is be dealt with this week.

Mark
11/4/5

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CABINET OFFICE,
WHITEHALL, LONDON SW1A 2AS

Chancellor of the Duchy of Lancaster

11 April 1984

Dear Andrew,

TSRB PENSIONS

Sir Robert Armstrong wrote to you on 9 April attaching a draft Written Answer. Lord Cockfield has no comments on Sir Robert's minute or the draft.

I am sending copies of this letter to recipients of Sir Robert's minute and to Richard Hatfield.

yours ever,

Alex Galloway

A K GALLOWAY
Private Secretary

Andrew Turnbull Esq
10 Downing Street
London SW1

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11 APR 1984

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